

January 28, 1976

The introducer said that this bill would give a tax advantage to the teachers in his income tax, where he could pay his retirement directly from the school board and not have to pay federal income tax on that portion that would be for retirement. That is true. However, the following six points on this bill, that the introducer did not tell us, these are true also.

You have received, from the Pages, a memo from Mr. Kellison, the Actuary for the Retirement Committee, to the Committee. He says that the disadvantages to this bill are as follows: The bill violates principle 13 of the Committee which states that the employee should share in the cost of our benefits which is a very basic tentacle that this Legislature, for these eight to ten years, has been attempting to build a reasonable, understanding, consistent standard retirement system for public employees in Nebraska. The first crack out of the box violates eight to ten years of work.

The bill creates severe problems in implementation as it conflicts with LB 532, the Retirement Committee's bill. It is doubtful that the state would want to create the same type of discretionary authority for state agencies that is given to the school districts in '76. Further, this bill is disruptive of the school employment retirement system in that it lessens consistency in teacher retirement rather than improving it. This might tend, over a time, to diminish the teacher mobility within the state.

Number four says that the bill creates administrative problems for the public employees retirement fund. One problem is the increased record-keeping involved in determining which districts contribute for employees and which do not. Another problem is whether these contributions are to be considered as refundable employee contributions in the event of termination or not.

Another problem is to handle, properly, employees who move from a contributing school district to a noncontributing.

Finally, the bill does not address itself to the retirement system of the Omaha school employees. The introducers statement, that the fiscal impact is zero, is correct if the bill is passed, and at no time does anybody ever take advantage of it. So if we pass the bill and nobody ever takes advantage of it why pass the bill. Obviously, the floor for the expenses, on this bill is zero, are not anticipated by the introducer. Therefore, that certainly is not a fact. I'm sure it would be the introducers attitude that, should this bill pass, the maximum benefit should be enjoyed by those for whom it's being passed. As you can see, this would be \$5,811,000 should the Omaha people, which certainly they're wide enough awake to do, to include the Omaha school system ... we would be adding a little over \$1,500,000 more for a total of \$7,306,000. To stay with what this system of retirement started out to do is to get an understandable, standardized, workable retirement system for public employees which is a very laudible goal. This Legislature has spent untold number of hours, through the Retirement Committee, to achieve that goal. They are on their way. However, should LB 76 become the standard for the retirement system, which I believe it would be if we pass LB 76, we would further add to the \$7,376,000 -- \$6,497,000 to cover the agencies of the state employees. This is the little bill, gentlemen